



Talking with Troy

We wrapped up the last two of our statewide Transparency & Open Government Training Sessions in Yakima and Tri-Cities on September 17 and 18. We drew full-house crowds at each of the seven sessions, which were also held in Vancouver, Wenatchee, Everett, Spokane and Tacoma.



Our Local Government Performance Center partnered with the Municipal Research Services Center of Washington to develop a set of tools and resources that offer practical advice along with best practices in records management and compliance with the Open Public Meeting Act and the Public Records Act.

I'm confident that local government leaders understand the value of governmental transparency and accountability to their constituents. We provided these training sessions at no charge to give local governments what they need to succeed through established best practices. In turn, they helped fulfill our Office's vision of government that works for citizens.

While we began planning these training sessions even before legislation was introduced, we were pleased that the material we presented met the requirements of the Open Government Trainings Act of 2014 for local government officials. We will post a video of the entire Tacoma training on our website before the end of the year.

These transparency training sessions generated valuable discussions, and local officials asked many thoughtful questions. I enjoyed traveling around the state and meeting and talking with so many attendees in person.

Federal procurement requirements update

In the past, our Office's guidance regarding procurements using federal funds indicated that local governments could rely solely on state bid law. However, that guidance is being updated. Procurements using federal funds must meet all of the applicable federal, state and local government-specific requirements. Therefore, when there is state law that sets a threshold for small purchase procedures that is less restrictive than federal requirements, the local government's purchasing practices must also conform to the applicable federal regulations.

Federal regulations require that all purchases using federal funds meet certain bidding and procurement requirements. The Circular A-102 Common Rule, currently adopted by federal agencies in their own regulations, allows non-federal entities to "use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

For example, a local government may have state law thresholds that require quotes for purchases over \$40,000 and bids for purchases over \$75,000. However, current federal regulations for small purchases

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Attack cyber-crime at the source: Your own systems

How many invalid log-in attempts were made on your network last month? Do you know? Can you find out? Why does it matter?

Attackers frequently discover and exploit legitimate but inactive user accounts to impersonate legitimate users. Their actions may be the source of an unusually high number of invalid log-in attempts. Of particular risk are the accounts of contractors, temporary accounts and terminated employee accounts. These accounts leave your system and confidential or sensitive data at risk.

Here are ten steps you and your IT department can take to reduce your risk.

1. Disable any account that cannot be associated with a business process and owner.
2. Assign an expiration date to every user account.
3. Identify and follow up on locked-out accounts, disabled accounts, accounts with passwords that exceed the maximum password age, and accounts with passwords that never expire.
4. Establish and follow a process for revoking system access by disabling accounts immediately upon termination of an employee or contractor. Make sure your process includes confirmation that the account has been disabled.
5. Automatically log off users after a standard period of inactivity.
6. Configure screen locks on systems to limit access to unattended workstations.
7. Identify and follow up on dormant accounts. Disable if not needed, or document and monitor exceptions (such as vendor maintenance accounts).
8. Require that all accounts have strong passwords that:
 - contain letters, numbers and special characters;
 - are changed at least every 90 days;
 - have a minimal age of one day;
 - are not allowed to use the previous 15 passwords as a new password.
9. Use and configure account lockouts so that, after a set number of failed login attempts, the account is locked for a standard period of time.
10. Require that managers periodically match active employees and contractors with each account. Disable accounts that are not assigned to active employees or contractors.

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(under \$100,000) require it to obtain quotes from an “adequate number of qualified vendors” – which means at least two. Therefore, we would expect to see quotes for all purchases below the state bid threshold of \$75,000 or less. Since the federal “micro-purchase” rules exempt procurements of less than \$3,000 from these requirements, we would apply this guidance to purchases of \$3,000 and above. (Note that the federal limit for small purchases will rise to \$150,000 in December 2014.)

Additionally, the local government’s policies and procedures for small purchases with federal funds should be consistent with its procedures for purchasing with state or local funds. In other words, if the policy is to obtain three quotes (written or verbal), we would expect the same for the federal purchases.

Please contact your Audit Team’s Manager or the SAO HelpDesk if you have any questions.

Staff changes at our Office

Effective August 1:

Sarah Mahugh has been promoted to Manager of Team Financial Audit on the State Audit team. Sarah, who had been serving as an Assistant Audit Manager on Team Olympia, came to the State Auditor’s Office from a private audit firm in October 2008. She transferred to Team Olympia in January 2010 and was promoted to Assistant Audit Manager July 1, 2012. Sarah earned her CPA license in December of 2009 and continued her education and received her MBA in January 2013.

These suggestions are paraphrased excerpts from the Council on CyberSecurity’s *Critical Security Controls for Effective Cyber Defense* (www.counciloncybersecurity.org), which includes prioritized actions to help stop today’s most pervasive attacks. The controls are developed and maintained by a consortium of hundreds of security experts from across the public and private sectors. How many have you implemented? Which one could you put in place next?

You can also review the new *Banking and Wire Transfers: Protecting Electronic Transactions* booklet, posted in the Local Government Performance Center’s Resource Center on our website at <http://portal.sao.wa.gov/PerformanceCenter/>.

Lean training helps Grant County Integrated Services power through a very productive “kaizen” event

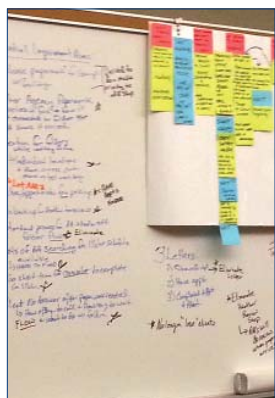
In April 2014, Grant County Prevention and Recovery Center (PARC) participated in a Lean Academy offered by the Local Government Performance Center (LGPC). PARC wanted to improve the way they conducted the intake process for Court-Ordered DUI Clients. LGPC's Lean Specialist, Debra Hentz, facilitated a five-day workshop that trained a core group of subject matter experts on Lean and then facilitated a kaizen event focused on their intake process.

“Kaizen” is a Japanese term meaning ‘a state of continuous improvement.’ A “kaizen event” offers an organization time and space to make breakthrough improvements in how it goes about its mission. It includes follow-up meetings 30, 60 and 90 days after the event ends to assure desired results are achieved or to make adjustments based on new knowledge gained during implementation.

Debra picks up the story as it unfolded later in the year...

Because the PARC kaizen team was Lean-trained and had continued implementing its principles on their own after the initial Lean Academy workshop, they felt knowledgeable enough to start a Lean project on their own. They wanted to improve a process related to the one tackled during the first kaizen event. PARC uses a similar but not identical intake process for their transfer clients – people who move into the area and are transferred from another facility, usually from Idaho or Oregon.

The kaizen team developed a map of the current process on their own and began discussing possible solutions. They included additional front counter staff in the conversation to help more staff members become comfortable with Lean. Things were going well, but they got stuck during the “future state” discussion.



Since I was scheduled to attend their 90 day post-kaizen follow-up, the team asked me to spend some time helping them with this new transfer process creation. We scheduled a half-day session which they called a mini-kaizen.

The PARC team maps – on Post-It notes – every step and every delay in the current process.



On the kaizen's final day: the map of the improved process

The first step was to review the project charter. Discovering there wasn't one created helped the PARC team realize this was a key reason why they were struggling with the project: they hadn't spelled out clear goals before they started work. Together, we created the charter document, received sponsor buy-in from the PARC Director, and made sure everyone understood the reasons behind Lean methodology.

Next we walked slowly through their current state map and discovered some missing steps. Once the current state was clearly mapped, they presented their ideas for the future state, and the group talked through details until everyone felt confident the proposal would work. We presented the proposal to management and received their agreement to implement the proposal and established a timeline to do so.

In the course of an afternoon, the team wrote a charter document, completed current and future state maps, received buy-in from management, and outlined an implementation timeline. As the Lean Specialist guiding the team, I felt like a mother watching my child leave for college – realizing that soon they would be fine on their own without me.

Grant County PARC has shared the results of their successful first Lean process improvement with LGPC; it is posted in the Resource Center of our website at <http://portal.sao.wa.gov/PerformanceCenter/>.

SAO offers classes, training at WFOA 2014

This year's Washington Finance Officers' Association (WFOA) conference in Yakima featured a variety of training and workshops for finance professionals. Our Office provided several courses aimed at helping local governments file their annual reports and understand BARS manual information, Lean strategies, cybersecurity, third-party cash receipting practices, and more. Kelly Collins, Director of Local Audit, also spoke to finance officers about areas of continuing audit focus, and changes at our Office that focus on helping governments work better, cost less, and deliver higher value.

Assistant Director Sheri Sawyer (*below, with Shawn Looney, President & Principal Consultant, Beacon Crest IT Consulting Inc.*) concluded the conference on Friday with an in-depth look at the Local Government Performance Center's new financial health assessment web application. The session included a live demonstration of the prototype, stressing its usefulness to local government officials and financial managers as they assess their financial condition, and a dynamic feedback session with the new application's developers.



New free workshops can help you prepare your annual report

Starting October 1, the State Auditor's Office is offering free monthly workshops to the state's smallest special-purpose districts. The goal: to help them meet their statutory requirement to submit annual reports.

Held at our Olympia location, these three-hour workshops will be equipped with PC workstations to give attendees a hands-on training experience. The classes will be held on the first Wednesday of each month, and run through May 6, 2015.

To attend, you'll need to register in advance by sending an email to Kayley.Anderson@sao.wa.gov – we regret we cannot accommodate walk-ins. As space allows, we will invite other small governments to attend.

This is a pilot project and will be evaluated to determine how often we can or should offer the trainings.

Training for other small local governments will return in February and March 2015

We are once again planning to bring our free four-hour workshops on **How to Prepare and File Your Annual Report** to locations across the state, serving those governments with travel limitations. We will email the registration information this December, so please make sure your email address is up to date in your account at our Client Portal: <https://portal.sao.wa.gov/saoportal/Login.aspx>.

If you have any questions about either training opportunity, please email Duane.Walz@sao.wa.gov.

Other training courses offered this fall

From the Local Government Performance Center October 2, 2014 - Introduction to Performance Management

Host: City of Tukwila

Location: Tukwila Community Center

Please contact Sheri Sawyer at 360-725-5552 or email Sheri.Sawyer@sao.wa.gov to request information about this and other courses offered by the LGPC.

From WFOA in partnership with the State Auditor's Office

The State Auditor's Office partners with the Washington Finance Officers Association to provide professional training for budget and finance professionals on a wide variety of topics.

Upcoming programs include:

Budgeting, Accounting & Reporting System (BARS)

October 23, 2014 - Olympia

Federal Grant Requirements & Management

If you accept federal funding in your organization, you could benefit from the upcoming "Federal Grants Requirements & Management" class.

October 9, 2014 - Kennewick

October 16, 2014 - Spokane

You can register for these courses on WFOA's website at: www.wfoa.org/training-header/